

Lunenburg-Ayer-Shirley
School Regionalization Planning Board

Final Report to the Boards of Selectmen

December, 2009

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Final Report

Lunenburg-Ayer-Shirley School Regionalization Planning Board

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Appendices are published as a collection of separate documents due to size of the included component files.

Executive Summary

In 2007, Shirley invited Lunenburg and Ayer to consider regionalization, and formed a joint School Regionalization Planning Board (RPB). For over twenty years, Shirley's high school students had been educated in the Lunenburg and Ayer High Schools by tuition agreement. Multiple challenges faced in the districts made regionalizing the schools deserving of investigation:

- Projected declining school enrollments and accompanying decreases in state aid;
- For small districts, difficulty meeting the fixed costs of administration, costs of health insurance, and, for Ayer and Lunenburg, a comprehensive accredited high school;
- Difficulty managing the costs for contracted special services and tuitions for students for whom local resources are unavailable;
- Schools and other town services compete for funds, and the towns have expressed unwillingness to increase local taxes;
- All three towns face urgent facilities needs;
- Lunenburg and Ayer rely heavily on the income from Shirley's high school tuitions for their operational budgets;
- Shirley desires representation for all of their students on a school committee;
- Responsible public education in a global environment requires enhanced instructional capacity and school performance.

In addition to these challenges, the RPB recognized potential opportunities that a regional district could provide:

- Consolidation of resources for instruction could enhance the program of course offerings and strengthen instructional practices;
- Consolidation of administrations, labor and procurement contracts, and facilities could be more efficient, yielding resources that could be redirected to direct student services;
- The opportunity to participate in the Commonwealth's regional transportation reimbursement program would yield new revenues;
- The MSBA indicated a preference for partnering for regional facilities solutions that could maximize their capital investment.

From May 2007 to September, 2009, the RPB investigated the feasibility of a region, determined its advisability, and worked to produce a plan that would enable the districts to step into a region, should the voters of the towns elect to do so. This report details the methods and results of the study and negotiation process that resulted in a determination that:

- A three-town K-12 school region is feasible;
- A three town k-12 region meets all criteria for advisability, except one: the short-term and one-time costs of transition from three districts to a region, as a new governmental unit, cannot be borne by existing local or state finance mechanisms.

The RPB agreed that a region offered the communities their best opportunity to preserve and enhance public education for all children in the proposed region long-

term, and worked hard with our municipal and legislative partners to find a way to fund the establishment of a region. Because all criteria for advisability could not be met by the plan, the RPB elected NOT to present the negotiated Regional Agreement to the three Boards of Selectmen, which would have brought the Agreement to the Town Meetings for adoption by majority vote.

Even though the failure to bring the Regional Agreement to the people of the communities was strongly regretted by the RPB, the work has had several positive results:

- Each town understands its educational goals, values, and financial opportunities better, and is well prepared to seek other collaborative or regional solutions;
- Current models were developed for analysis and negotiation of an agreement that will assist communities pursuing regionalization;
- The Board of Education amended regulations to allow for transitional regional governance options that safeguard local programs and funds during the transition to a new region;
- The MSBA amended regulations to award incentive points for regional formation when it provides alternatives to more costly construction projects.

Perhaps the most important outcome for the local communities is the building of relationships among the towns. This work has opened geographic and political barriers that have limited consideration of regional options to municipal challenges. As this report is completed, Shirley and Ayer are at work to negotiate and bring to their towns and two-town K-12 Regional Agreement at far less transitional cost than the three-town plan. The potential for collaboration for municipal service delivery has never been greater among our towns, and the need increases every year.

As the towns go forward in an uncertain time, with great needs and responsibilities to meet, it is the hope of the RPB that the work summarized in this report may be useful.

ACKNOWLEDGEMENTS

The RPB relied on many individuals to complete its work. We are deeply grateful for the open-hearted support, without which we could not have completed the effort, provided by:

- Superintendents Loxi Jo Calmes (Lunenburg), George Frost (Ayer), and

Malcolm Reid (Shirley);

- Shirley Public Schools Business Manager Evan Katz;
- Mr. Edward F. Lenox, of Murphy, Hesse, Toomey, and Lehan, LLP
- Senators Robert A. Antonioni, Jennifer Flanagan, Pamela Resor, and James Eldridge; Representatives Jennifer E. Benson and Robert Hargraves; and their respective staffs;
- Commissioner Mitchell D. Chester, Associate Commissioner Jeffrey Wulfson, and Ms. Christine Lynch of the Massachusetts Department of Elementary and Secondary Education;
- Ms. Katharine Craven, Executive Director, and Ms. Sarah Young, of the Massachusetts School Building Authority
- Saeyun D. Lee, PhD., of the Executive Office of Education of the Commonwealth;
- Arthur L. Bettencourt, Ed. D., Donald G. Kennedy, Ed. D., Perry Davis, Ed. D., and John H. Kennedy, Ed. M, of the New England School Development Council (NESDEC)
- Mark Abrahams, CPA
- David J. Tobin
- Dr. Bart Wendell
- Stephen J. Donovan
- Mary Ann Buescher Ashton
- Jeffrey Mayes
- Jo McLaughlin

The RPB relied as well on groups of individuals for the support and ideas they contributed to the process:

- The three Town Meetings, who voted for this work, trusted us with their funds, and patiently awaited results of the two-year process;
- The administrators and faculties of the three school districts, who collaborated to provide information about the schools;
- The Massachusetts Association of School Committees and the Massachusetts Association of School Superintendents, whose members and staffs answered many questions about school regions; and
- The officials and people of the communities, who attended informational meetings and meetings of the RPB regularly to challenge us to do our best work.

SECTION TWO

School Regionalization: Background and Context

In 2007, the School Committees of Lunenburg, Shirley, and Ayer negotiated their third consecutive tuition agreement for education of Shirley students from grades 9-12 in Ayer and Lunenburg. Two successive previous agreements had ten-year durations, but in this round Shirley limited the duration to three years, and invited the other districts to consider forming a school region.

Each School Committee faced challenges to sustaining educational operations without significant revenue increases. The potential for participating in the Commonwealth's regional school transportation reimbursement program, in addition to educational and financial opportunities deriving from increased scale of operations, were compelling. The three School Committees asked their Boards of Selectmen to place a warrant before the Town Meetings to form and fund a School Regionalization Planning Committee (RPC). In spring 2007, the three Annual Town Meetings voted to do so, and the Moderators appointed the Committees of three members in each town. In May 2007, in accordance with M. G. L. Chapter 71, the three Committees voted to form a single School Regionalization Planning Board (RPB), and pursued grant funds from the Massachusetts Department of Elementary and Secondary Education (DESE). The Board has received three DESE grants in all. The towns also appropriated additional funds at the 2008 Annual Town Meetings. A full financial statement is found at [Appendix 1](#).

Laws explicitly states the role of the RPB:

It shall be the duty of the regional school district planning board to study the fiscal and educational advisability of establishing a regional school district, its organization, operation and control, and of constructing, maintaining and operating a school or schools to serve the needs of such district; to estimate the construction and operating costs thereof; to assess the educational soundness of establishing such school or schools, to investigate the methods of financing such school or schools, and any other matters pertaining to the organization and operation of a regional school district; and to submit a report of its findings and recommendations to the selectmen of the several towns.

The Board began its work by investigating the differences between independent districts and regional school districts, and the methods of school governance, operation, and finance permissible by law. The Board also worked to become familiar with all three individual districts and the nature of the challenges each faced, exploring the potential fit between existing challenges and possible solutions offered by a merger.

Characteristics of a School Region

A school region is an autonomous governmental body, whose member towns have adopted a Regional Agreement establishing a school region. The region is empowered to establish and operate schools for some or all students of the member towns. Regions are most often of three types: Vocational-technical; partial (pre-k to grade 8, or grades 9-12 are common examples), or complete (pre-K through grade 12). Any town belonging to a partial region must maintain a local school district for students not included in the region; a separate School Committee and administration must be retained. The composition and mode of election of the Regional School Committee are determined by the Regional Agreement. A region is formed when the member towns unanimously adopt the RPB's proposed Regional Agreement, which requires a majority vote of each Town Meeting. No election is required.

Regional school revenues come from: the Federal government by grants; the Commonwealth through the Chapter 70, school choice, circuit breaker, transportation reimbursement, and various grant programs; and assessments to the member towns, which are determined according to the Regional Agreement. These are usually paid to the region by the towns from appropriated funds. The Regional School Budget is sent to the Annual Town Meetings for approval by the Regional School Committee. For most Agreements, the budget is approved if two-thirds of the member towns approve it.

The Board sought information from the DESE, regional school districts, school associations, and the educational literature about how to evaluate benefits and drawbacks of regionalization, about how to compare our current districts to a proposed regional district, and about how to negotiate a regional agreement. However, we obtained only limited guidance about forming a brand-new multi-town region in the context of today's educational system. Most school regions in Massachusetts were formed between 1949 and 1975. During these years, there was also an expansion of school construction to house students born during the "Baby Boom" that followed World War II. Since 1975, all but one "new" region have been expansions of partial regions to become pre-K to grade 12 regions. The only new pre-K to grade 12 region formed in Massachusetts since 1975, and especially since school reform was enacted in 1993, is Manchester-Essex, which formed in 2001. These two towns had their own elementary and middle schools and Manchester had long educated all Essex high school students by tuition agreement. The Board was

unsuccessful in locating anyone familiar with the process of forming that region for consultation. The Board sent out a request for proposals, and contracted with NESDEC (New England School Development and Education Center) to consolidate information about the feasibility of a school region among any or all of our towns. During the study process, the staff of the DESE's Center for School Finance, Planning, Research & Evaluation provided invaluable technical assistance and grant support.

Considering a School Region Now

Each town faces some unique challenges and needs, and some challenges are shared by all three towns.

- All towns project declining school enrollments over the next decade;
- Each district requires a full administrative complement for management of education, finances, and reporting, yet all are considered small districts;
- The districts have managed resources conservatively since the recession of 2003, but funding the cost of each district without decreases in services still requires annual increases in revenues; Shirley and Lunenburg, in particular, are challenged to supply these increases without major impacts on other town services;
- All three towns submitted Statements of Interest in July 2007 to the Massachusetts School Building Authority (MSBA) outlining urgent facilities needs;
- Because Shirley has no high school, the town pays tuition for all grade 9-12 students; in addition, 22% of Shirley's tuitioned students attend the charter school at Devens, for which tuitions are markedly higher than at Ayer or Lunenburg;
- Small districts must contract for low-incidence educational services, or pay tuitions for students for whom resources in the home district are not available;
- Lunenburg and Ayer rely on the income from Shirley's tuitions for their operational budgets and loss of these tuitions for either town would present a budgetary challenge;
- Shirley has no school committee representation for high school education;
- All three districts must prepare students to succeed in a global economy and to actively participate in a modern democracy. High-quality instruction at all levels must be supported; at the secondary level, access to

advanced instruction, particularly in math and science, must be maintained and enhanced.

In addition to these challenges, the Board recognized potential opportunities that a regional district could provide:

- Consolidation of resources for instruction could enhance the program of course offerings and strengthen instructional practices;
- Consolidation of administrations, procurement contracts, and facilities could be more efficient, yielding resources that could be redirected to direct student services;
- The opportunity to participate in the Commonwealth's regional transportation reimbursement program would yield new revenues;
- The MSBA indicated a preference for partnering for regional facilities solutions that could maximize their capital investment.

The Work of the Board

Although the Board was open to considering the options of a two-town region between an of the members or a partial region, it committed early to a preferred option of a three-town, pre-K to grade 12 region. No other option offered all of the perceived benefits. Equally important, the scale of operations offered by a three-town region appeared to deliver more benefit from each opportunity, for more students, for a more durable period of time.

From May 2007 to September, 2009, the RPB investigated the feasibility of a region, determined its advisability, and worked to produce a plan that would enable the districts to step into a region, should the voters of the towns elect to do so. This work was done in three parts, which frequently overlapped in an iterative process: investigation, negotiation, and public communication.

Investigation consisted of:

- Review of pertinent laws and regulations
- Regular telephone and face-to-face meetings with DESE, MSBA, the local legislative delegation, and the Massachusetts Association of School Committees;
- Literature review about school district consolidation;
- NESDEC study and an enrollment projections study;
- Interviews with regional superintendents and

school committee members from existing multi-town pre-K to grade 12 regions;

- Financial analysis designed to merge all 2009 local revenues and expenditures for comparison with "as-if" region (available from the Board as electronic document);
- Development of financial model allowing testing of various assessment schemes;
- Requesting legal authority for establishment of a transitional regional school committee co-existing with local school committees.

Negotiation activities included:

- Development of a preliminary mission, vision, and statement of key values for the proposed district (see page 13);
- Collaborative development of a high-level view of current educational programs, capacities and best practices, and projections for their development and improvement in a merged environment ([Appendix 2](#));
- Collaborative development of a high-level view of current operational capacities and best practices, and projections for their improvement in a merged environment ([Appendix 3](#));
- Collaborative development of a high-level view of current administrative capacities and best practices, and projections for streamlined service delivery in a merged environment ([Appendix 4](#));
- Engagement of an attorney, Mr. Ed Lenox, of Murphy, Hesse, Toomey, Lehan, LLP;
- Construction of a regional agreement per statute and DESE guidance ([Appendix](#));
- Development of a plan for transition to regional operations ([Appendix 5](#));
- Identifying implementation costs of the transition plan ([Appendix 6](#)) and pursuit of funding for initial and one-time transition costs;
- Pursuit of MSBA commitment to planning for facilities solutions, should a region be formed.

Public communication occurred throughout the process, during which the Board:

- Developed an informational website, <http://www.alsregion.org>;
- Held several local community informational meetings;
- Televised or video recorded many meetings and workshops;
- Responded to the press and public questions.

The Towns and Districts in 2009

The Board's initial investigation centered around four broad areas: population and enrollments, educational and social compatibility of the towns; financial support of the schools; and aging school facilities. The NESDEC study is included as [Appendix 7](#); previewing prior to printing is recommended, as it is a large document. A compilation of 2009 data about the population and finances of the three towns is found on page 10 of this report.

Population and Enrollments

The relationship between population and school enrollment was explored in all three towns. State funding for schools is dependent on enrollment, and appropriation for schools depends on the overall taxpaying population. Ayer and Lunenburg operate Pre-K to grade 12 districts, with 2009 resident student enrollments of 971 and 1619, respectively. Shirley's pre-K to grade 8 district, plus its high school students, totaled 771 in 2009. A merged district would enroll about 3300 students, with around 950 in grades 9-12. In 2009, 38 percent of Shirley's high school students were in Ayer, 24 percent in Lunenburg and 38 percent at private, charter, or vocational schools.

Table 1. L-A-S Resident Enrollments, FY 2009

Town	Town Pop 2008	Attending Home District	Attending Other L-A-S School	Total Students to Region
Ayer	7,399	968	3	971
Lunenburg	9,946	1,610	9	1,619
Shirley	7,904	542	229	771
Total	25,249	3,120	241	3,361

Source: L-A-S School Regionalization Planning Board; Massachusetts DOR, At-a-Glance Reports

Projections by NESDEC and Innovation & Information Consultants, Inc., of Concord, MA ([Appendix 8](#)), agree that the population of school-aged children in all three communities will decline in the next decade, due mainly to stable housing markets and to declining local births. Even the new developments now planned are not forecasted to alleviate these declines. Various assumptions and scenarios for population change were modeled in making projections, and the range of predicted enrollment decline Pre-K to grade 12 by 2018 for the proposed region is 450 to 550 students. These projections show resident student losses by 2018 of:

- 5% at MS ages in Ayer
- 12% at MS ages and 28% at HS ages in Lunenburg; and
- 5% at elementary ages, 26% at MS ages, and 28% at HS ages in Shirley.

State aid revenues will mirror the population trend, affecting the ability of the districts to sustain programs.

Social Compatibility of the Towns

At initial meetings, the Board members shared concerns, reflected from early surveys in the communities, that the three communities were too diverse in terms of educational values, economic capacity, and social composition to thrive as partners. NESDEC conducted a community survey early in the study process, which validated the existence of these concerns, as well as the need for information about the impact of a regionalization plan on the towns. The concern most consistently expressed by community members was that the educational experience for all students might be diminished rather than enhanced by regionalization.

In addition to the longstanding high school tuition agreement, the three towns share some athletic teams and social and religious organizations. All districts participate in the FLLAC to collaborate for special education and other student services. Many residents of one town work in another of the three. Ayer and Lunenburg schools now share a food service manager and the three districts share some professional development activities. The educators have expressed a very favorable response to these efforts. Ayer and Shirley are both affected by and involved in planning for the future of Devens. Residents of each town take great pride in their schools, and for many residents, they are a vital and historic component of community identity. Some community activities are traditionally associated with the towns' central school campuses.

Lunenburg is now completing a ten-year strategic plan, under direction of a long-term superintendent. This has provided a focus for district-wide collaboration on school improvement, for which resources have been strategically targeted. Ayer and Shirley have had strong leadership in the last three years under interim superintendents, so are eager to engage a permanent superintendent to lead strategic development. Ayer's and Shirley's school committees have been more supportive of regionalization as an opportunity for development than Lunenburg's school committee, which has expressed concerns about dilution of leadership and strategic accomplishments.

Educational Compatibility of the Towns

All three towns highly value a personalized learning experience, skilled educators who engage ALL students in a rigorous and interesting curriculum, and

multiple opportunities to learn responsible community membership. Today's graduates from our three communities must be prepared to compete in a global economy and to actively participate in a modern democracy. There is a continuing trend toward the need for access to a greater number of courses and a higher level of instruction and curriculum, particularly in math and science. In turn, this requires highly qualified and increasingly specialized educators and adequate library, laboratory, technological and classroom facilities to support student learning. All three districts support the philosophy of teamed instruction in the middle school model, which is an important shared basis for preparation for a rigorous high school education. Despite using different curricular materials, the districts have aligned the curricula to the state standards, and articulation of the programming among the three districts was supported as a viable option by the administration and faculties who studied them. Although there is variation in standardized MCAS results at the third and eighth grade levels, MCAS results at the tenth grade level and high school completion rates are similar at Ayer and Lunenburg High Schools.

Enrollment in a merged high school is projected at around 950 students, which would make it a medium-sized high school by state and national standards. Residents and Board members were concerned about how the increased size of a merged regional high school would affect the delivery of a personalized educational program in that school. The scholarly literature on high school size does not provide straightforward guidance. Even though there is a great deal of opinion and anecdotal evidence, there is very little validated research on high school size or the effects of district consolidation, and none based on recent data (post school-reform or technology "revolution"). The best available research indicates a high school enrollment "sweet spot" from 600-1000 students, in which costs per student are lower and outcomes better than in either larger or smaller high schools. Service delivery models have been developed for these mid-size schools that are highly successful at meeting the broad range of needs of adolescents. Many include smaller sub-units inside a single school.

Because of its larger size, a Regional School District provides the "critical mass," particularly at the High School level, to offer deeper, broader curriculum in all areas, including a wide range of opportunities for learning through service. It also provides the opportunity for an articulated, consistent educational program, developed and implemented by the combined

instructional teams of the three districts, at the elementary and middle school levels to ensure adequate preparation for all students entering the Regional School High School. The combined talent, scope and experience of the merged professional staffs of the three districts presents one of the greatest potential opportunities of regionalization.

The districts vary in their ability to support students with moderate to severe special needs within the districts, largely due to the scale of operations. All three districts employ consultant specialists, and some highly specialized services are provided by the FLLAC collaborative, which rents space at the Page-Hilltop School in Ayer. The districts all highly value serving students in their home community, and see the opportunity to greatly expand local services in a region, while decreasing the costs of delivering those services.

Financial Support of the Schools

In recent years, each of the three communities has seen the cost of service delivery increase at a faster rate than revenues, a trend that is exacerbated by the current national and state financial crises.

The annual increase in State Education Aid (Chapter 70) has slowed or remained flat; it is not expected to increase significantly in the near term, and may decrease. At the local level, tax collections have not kept pace with cost inflation, a trend that is expected to continue, making significant increases in the local contribution to schools unlikely. Charter school enrollments reduce the number of students enrolled in the local district, and tuitions are paid from the towns' state aid allocation. These tuitions are significantly higher per pupil than the districts expenditures per pupil. The towns retain fixed costs (administration and buildings, for example) for all potential enrollees when local enrollments decline. The impact is acute for Shirley, with a grade 7-12 charter school at Devens. School choice tuitions, capped at \$5000 per student for regular education, are far below the districts' per pupil costs. In response to these pressures, the towns have either reduced services or redistributed resources to preserve critical educational services.

The Board compared total expenditures on education for the three towns, in order to understand the current impact on the available town revenues, and to project the financial impact of a merger on the towns. The Board sought opportunities created by regionalization to direct a larger portion of the funds now being spent into actual student services. These opportunities can come from elimination of duplicated services or

substitution of more efficient operating practices, for example. Projected efficiencies (from economies of scale, shared resources, and critical mass) for a three-town regional school district are even more critical in the current economic environment, in which towns are likely to reduce services.

Per pupil expenditures calculated by the DESE provide an inaccurate comparison of actual spending on education among the three communities, for a number of reasons. In the figures submitted to the DESE, the tuitions paid by Shirley to Ayer and Lunenburg are counted as expenditures for Shirley, but are also counted as expenditures by Lunenburg and Ayer. Likewise, School Choice policies have a significant impact on Shirley and Ayer. Town expenditures on capital improvements are not included in per pupil expenditures at all, but are a significant expenditure in Shirley and Lunenburg, which both retain construction debt for relatively new schools. The Board worked with consultants to develop an accurate snapshot of all education revenues and expenditures in fiscal year (FY) 2009, in order to compare the towns fairly and to estimate the financial impact of regionalization on the towns. This is described in Section Three of this report.

Aging School Facilities

Ayer operates three schools in two school facilities on a central campus: Page-Hilltop Elementary School and Ayer Middle School and Ayer High School. Shirley has two schools, the Lura A. White Elementary School, and the Shirley Middle School. Lunenburg's four schools are: the Lunenburg Primary School; Thomas C. Passios Elementary School; Turkey Hill Middle School; and Lunenburg High School.

Aging facilities are in need of major renovation or replacement in each of the three towns; each town filed a Statement of Interest with the Massachusetts School Building Authority (MSBA) in 2007. This is the initial step in pursuing a financial partnership for building construction or renovation. The MSBA Board of Directors uses statutory criteria to determine which communities will receive invitations to move into planning for a project (see sidebar). Statements of Interest were submitted for:

- Lura A White Elementary School in Shirley. The school requires major renovation or replacement. The original building was built in 1936, with additions in 1956 and 1970.

MSBA “Order of Priorities”

M.G.L Chapter 70B: Section 8

Section 8. The authority shall approve school projects and reimbursements under this chapter in accordance with the following order of priorities:

- (1) priority shall be given to school projects needed in the judgment of said board to replace or renovate a building which is structurally unsound or otherwise in a condition seriously jeopardizing the health and safety of school children, where no alternative exists;*
- (2) priority shall be given to school projects to eliminate existing severe overcrowding;*
- (3) priority shall be given to school projects needed in the judgment of said authority to prevent loss of accreditation;*
- (4) priority shall be given to school projects needed in the judgment of said authority to prevent severe overcrowding expected to result from increased enrollments which must be substantiated;*
- (5) priority shall be given to projects needed in the judgment of said authority for the replacement, renovation or modernization of the heating system in any schoolhouse to increase energy conservation and decrease energy related costs in said schoolhouse;*
- (6) priority shall be given to any school project needed in the judgment of said authority for short term enrollment growth;*
- (7) priority shall be given to school projects needed in the judgment of said authority to replace or add to obsolete buildings in order to provide for a full range of programs consistent with state and approved local requirements; and*
- (8) priority shall be given to projects needed in the judgment of said authority to transition from court-ordered and board approved racial balance school districts to walk-to, so-called, or other school districts.*

- Ayer Middle/High School. The school requires significant renovations. This building was built in 1957.
- Lunenburg High School. The school requires major renovation or replacement. This building was built in 1955, with an addition in 1960.

In July 2007, the MSBA placed all of these Statements of Interest into a category requiring study of regional solutions before moving forward into joint planning of any renovations or new construction projects.

At-a-Glance: Ayer, Lunenburg, and Shirley

Characteristic	Ayer	Lunenburg	Shirley
2008 Population	7,399	9,946	7,904
2009 Labor Force	4,273	5,370	3,684
2008 Road Miles	49	94	49
FY 2009 Tax Levy Total (\$)	15,320,578	16,915,184	7,452,263
Residential	6,901,306	15,356,243	6,671,973
Other	8,419,272	1,558,941	780,290
2009 Excess Capacity (\$)	142,986	12,759	3,208
2009 Override Capacity (\$)	10,754,494	16,538,451	9,258,856
Single-family (SF) parcels	1,391	3,413	1,406
2009 Average SF Tax Bill (\$)	3,073	3,895	3,447
2009 state average	4,250	4,250	4,250
2009 Net State Aid (\$)	5,432,151	5,312,511	4,777,636
2009 State Aid as Percent of Total Revenues	24%	25%	39%
2009 Total Expenditures Per Capita (\$)	4,093	3,329	2,547

SECTION THREE

Analysis, Plan, and Conclusions

For a Lunenburg-Ayer-Shirley Regional School District

In considering both the feasibility and the advisability of forming a three town regional school district, the Board made several critical assumptions that underlie our analysis.

First, the Board assumed the three communities would, at a minimum, sustain the levels of funding from local appropriations at the FY2010 appropriated level.

Second, the Board assumed the Commonwealth's continued financial commitment to Regional transportation reimbursement, Chapter 70 Education Aid, Charter School re-imbursement, and special education circuit-breaker programs. While the current national financial crisis has resulted in temporary reduction of funding for some of these programs, it is reasonable to expect that, as it has in previous economic down-turns, the Commonwealth will restore levels of funding as soon as fiscal conditions allow.

Third, the Board assumed facility use and configuration of the region as outlined below, as part of the operational plan for the proposed region. The configuration ensured elementary-school-aged children (pre-school through fifth grade) would continue to be educated within the geographic boundaries of their respective communities.

Finally, and most importantly, the Board assumed that the new Regional School District would be supported by:

- An Administration that identifies and

implements best practices across the Regional School District;

- A Regional School Committee that advocates for all students within the Regional School district, and develops and implements a strategic plan designed to foster and promote educational excellence; and
- Communities that value and participate in their schools, provide educational leadership, and hold the Regional School Committee accountable.

I. CRITERIA FOR EVALUATION

A. Feasibility Criteria

The Board developed criteria to determine the feasibility of forming a three town region. If these criteria were met, in the judgment of the Board, a three town region could be successfully implemented.

- The quality of the educational program cannot decline as a result of Regionalization.
- Elementary Schools (Pre-K through 5th grade) must be maintained in each community.
- The Regional School District must be established, initially, with the same level of resources as the Towns have historically committed to education.
- The portion of resources expended by a region for student programs and services must equal or exceed the current combined expenditure of the independent districts for

the same.

- No insurmountable social, financial, or political challenges to forming and operating as a regional school district are identified.
- Regional School Committee representation and assessment for the costs of the Regional School District can be managed fairly.
- In-district regional transportation must not impose an unreasonable burden on students.
- The Regional School District facilities solution cannot cost more than the total of the independent school district facilities solutions.

Because the criteria include projections of future states, the quality of the data, analyses, and the critical judgment of the Board were essential to the conclusions. Public response throughout the process was extremely valuable to the Board, both in determining and evaluating the criteria.

B. Advisability Criteria

Given the Board's assumptions and the feasibility criteria discussed above, additional criteria were developed to determine the advisability of forming a three town region. If, in the judgment of the Board, these criteria were also met, forming a region would be advisable.

- There is significant potential to improve or expand educational services for all students.
- Given resources comparable to the current combined district resources, the portion of those resources available for student programs and services can be projected to be greater than the comparable current total portion in the three districts.
- The Regional School District facilities solution is projected to be more cost-effective than the independent school district facilities solutions.
- The Regional Agreement must provide an equitable way to assess the Towns.
- No critical community differences are identified that would prohibit the formation and successful implementation of a Regional School District.
- A funding mechanism can be identified and secured for the projected short-term costs of transition to a merged regional district.

II. ANALYSIS AND PLANNING

In addition to the socio-economic and educational data gathered and analyzed by NESDEC, the Board gathered data about the educational values of the communities, the operational, educational, and administrative design of each district, and individual town and district finances. The data were used to model a region composed from the elements that exist today. The modeled region was evaluated for fit with the feasibility and advisability criteria and continuously revised as new information became available. At the same time, the Board negotiated components of a Regional Agreement, using its values statements and criteria as guiding principles. The DESE provided technical guidance about meeting the requirements of the governing statute (M. G. L. Chapter 71, Sections 14-161) and corresponding regulations (603 CMR 41.00) in a 2007 document, ([Appendix 9](#)), *Steps to Forming a School Region*.

A. Values Statements

The Board engaged a consultant to facilitate development of a vision for the proposed region, mission statement, and key shared values underlying the mission and vision. The Board adopted a vision, mission and key values (see sidebar, right) as guiding principles for the work of regional district planning.

B. Educational Analysis

1. Methodology

The MA DESE requires regional school district proposals to include an educational plan, an operational plan, and an administrative plan for the proposed district. The three district superintendents managed this project. The administrative teams and faculty of the three districts met together to describe current service delivery capacity and identify opportunities as well as challenges presented by the proposed merger. The superintendents then collated the input and prioritized short-term and long-term opportunities for sustaining and enhancing educational services.

2. Results

The Board and the DESE acknowledged that the proposed plans should be realistic in scope, but that they would not carry the weight of a mandate. Using an analogy of planning a construction project, the Board's plans are more similar to a "conceptual drawing" than a "schematic design." Implementation of an educational

Lunenburg-Ayer-Shirley RPB Vision, Mission, and Key Values

Vision: We will create a regional district that provides a rich, relevant, and rigorous curriculum and excellent instructional practice, in a learning community in which every individual is valued and supported to actively investigate the world.

Mission: We prepare students for lifelong learning and responsible membership in local, national, and world communities.

Key Shared Values:

1. We believe each learner is a whole individual, who brings a unique set of talents and experiences to the learning environment.
2. We believe every learner needs connection to the community to thrive.
3. We believe student learning is fostered through relationship with caring adults.
4. We believe excellent instructional practice is fundamental to excellent student performance.
5. We believe all learners deserve opportunities for creative expression; for a challenging academic experience that fosters intellectual curiosity; and for learning through service to others.

plan would in actuality require a wide range of detailed policy decisions by an elected School Committee. Ideally, these officials and their administrators would undertake a strategic planning process that includes all key stakeholder groups after a region is established, and would make implementation decisions based on real revenues and needs in any particular year.

The educational, operational, and administrative plans for the proposed district are included as [Appendices 2, 3, and 4](#). Key conclusions and recommendations are summarized in the following sub-sections.

a. Educational Plan

The educational plan outlines a rich basic curriculum at all levels, with opportunities for enhancements across the region. The result would be "greater than the sum of the parts," as each district brings committed educators and unique areas of emphasis to the region.

A regional professional development program aligned to the district goals and coordinated across the district would support educators in effective practice. NESDEC and the district administrators both identified the need for additional professional development related to the merger to support investment in a common vision around curriculum and instructional practice.

At the elementary schools, grade-level common planning time for all teachers would be curriculum-based. The core program would be enhanced by extra- and co-curricular activities, exposure to foreign languages, and increased cultural activities. A comprehensive early childhood program and specialized academic support services for students with and without disabilities would strengthen early literacy and numeracy. A school-wide positive behavioral support system and developmental guidance program, including personal counseling, would support all students' social development.

The middle school program would include algebra in eighth grade, a full year of modern and classical languages, band, chorus, community service learning, and exploratory opportunities. Developmental guidance, including a school-wide positive behavioral support system and specialized academic support services for students with and without disabilities, would enhance the program. Grade-level teams of teachers would use common planning time to integrate classroom and special area curricula.

A merged high school program would support moving to the Massachusetts Core Curriculum graduation requirements, which exceed graduation requirements in place at either school today. Common planning time for teachers would support integration of curriculum across disciplines. More advanced placement courses, foreign language courses, and electives (including online options) would be available. Alternative scheduling to accommodate learner's needs could be introduced, and expanded community service learning and school-to-work internship opportunities would be available. Career counseling could be added to the developmental guidance program, along with a school-wide positive behavioral support system and specialized academic support services for students with and without disabilities. Participation in a larger selection of athletic activities would be possible.

Students who are learning the English language would have access to instruction by highly qualified educators, and academic support for all students would be integrated during the school day and with

community programs. The regional district would provide a full range of special education and related services to enable students with disabilities to reach their full potential. Services would be provided in the least restrictive environment including full-inclusion, partial inclusion, and substantially separate classrooms. Opportunities would exist to provide in-district services for several students currently placed outside local districts. Regional programs would serve the needs of students with developmental delays and autism spectrum disabilities who require applied behavioral analysis (ABA) services. Specialized services would be provided locally for students with complex medical needs or multiple disabilities, and for high school students who require transition to work, independent or supported living settings after high school.

b. Administrative Plan

Merging the districts provides the opportunity to consolidate three administrative services into one, with elimination of duplicative positions. Restructuring the administration, combined with the required investments in operational management software to meet the capacity of the region, should streamline these services without diminishing their effectiveness. Some services (e.g., payroll and accounting, human resources, or technology maintenance) currently provided by or in partnership with the town offices would become the full responsibility of the regional district.

The central administration would consist of a superintendent, an assistant superintendent, a director of finance, a director of technology, and a director of pupil services. The assistant superintendent would direct curriculum and instructional services, including professional development, and the building principals and their assistants. The director of finance would manage most operations, including human resources, treasurer and accounting/payroll services, food services, transportation, and facilities and grounds maintenance. The director of technology would be responsible for business and instructional technology, including systems development and maintenance, data management, and hardware and software management. The director of pupil services would manage special education services, educational specialists, health services, and guidance.

The administrative consolidation is estimated to eliminate seven administrative positions and one administrative support position. This is a conservative estimate. The Board conservatively estimated that this

would reduce administrative costs by \$300,000. These funds would be redirected into direct student services. Along with building consolidation, discussed below, these generate significant reductions in fixed costs, and demonstrate opportunities related to appropriate scale of operations that are only available through merger.

c. Operational Plan

The region would continue the grade configuration in use in Ayer and Lunenburg:

- | | |
|--------------------|---------------|
| • Pre-K to grade 5 | Elementary |
| • Grades 6-8 | Middle School |
| • Grades 9-12 | High School |

Ayer and Shirley would merge their middle schools into a single school at the Ayer Middle/High school facility. The Shirley Middle School building would be converted, with minimal renovation, to an elementary school for students from Shirley. Initially, using the current Ayer and Lunenburg High School buildings for the high school program is recommended. Two options were discussed for operation: two grade 9-12 high schools; or grades 9-10 in one facility and grades 11-12 in the other. The Ayer Middle/High School facility might, under crowded conditions, house all high school students, but it could not do so without removing the middle school students from that facility, which would then require transporting middle school students from Shirley and Ayer to the current Lunenburg High School facility. The Board recommends that, if a region is formed, a single centrally located high school facility should be constructed.

The Board recognized that the actual merger of the three districts would entail a process that should be carefully planned. Chapter 71 specifies that a school region is formed when an affirmative vote to adopt the Regional Agreement is taken by the member Town Meetings. The statutory “overnight” transition from local districts to a regional school district challenged the Board as it anticipated the operational merger. Chapter 71 clearly states the powers of the School Regionalization Planning Board, and they do not include making policy (i.e., establishing, appropriating, or implementing a regional budget). The districts educate around 3300 students and employ hundreds of people who deliver year-round services to students. Merging these operations responsibly requires careful planning and skilled executive management, so that impact on the operation is seamless and minimally disruptive to students, parents, and staff. Major decisions must be made in a process that includes key stakeholders like school administrators, employee

unions, parent and service organizations, and the administrations of the member communities.

The Regionalization Planning Board anticipated an 18-month transition period, during which the local school committees would continue to expend local school budgets and operate the schools. A transitional regional school committee would be empowered, composed from these elected officials, with weighted voting to ensure fair representation of each member community. This committee would employ the regional superintendent, who would hire key administrators. The details of the transition plan are found in [Appendix 5](#); the plan outlines the responsibilities that would be required for a successful transition. In order to facilitate the establishment of new school regions, the Massachusetts Board of Education amended their regulations in 2009 to allow a transitional region to co-exist with local schools during a specified transition period.

The transition would require expenditure of funds above and beyond the local school district operating budgets, most significantly for salaries for hiring key administrative personnel (or temporarily filling positions vacated due to hiring into the regional structure). The Board created several versions of a budget for these expenditures before adopting a final budget of \$1.8 million, to be expended over FY 2010 and 2011. These expenditures include either one-time costs or short-term costs that would be absorbed into the costs of the new region. As an example, the administrative consolidation in the first year of regional jurisdiction would decrease administrative costs when the local districts are eliminated. However, the cost efficiencies produced by the regionalization would not be available for expenditure during the transitional period, because the local districts would need to employ administrators during that time. The only viable mechanism for the towns to self-fund the transition would be short-term borrowing. **A mechanism for funding the transition by the Commonwealth that absorbs the financial risk or at least shares risk with the communities is recommended.** One option, which would be facilitated by revision of the statute, is to reimburse new regions for transportation costs incurred in the final year of independent operation, so that some revenues can be predictably available to the region in the first transition year. Requests for short-term support by the Commonwealth by appropriation or grant from federal stabilization funds for FY 2010 have not been supported.

C. Financial Analysis

1. Feasibility of Merging the Districts

a. Methodology

The Board developed a model that assumed the three towns were functioning as a region in FY 2009 as it evaluated the financial feasibility of forming a regional district. A consultant was engaged to match the districts' salary scales for professional staff, and model them as if a region existed, using data provided by the superintendents. A second consultant created a model analysis of revenues and expenditures of the three towns that eliminated duplicated spending and matched sources of revenues, using 2009 data. Assumptions about revenues and expenditures were applied "as if a three-town region existed" with the current combined available resources. Costs and savings projected for year one, based on the educational, operational, and administrative plans, were then applied to the model. This allowed the Board to project whether revenues would be available to allow the feasibility and advisability criteria to be met. The same process was repeated using known FY 2010 revenue and budget figures, which, of course, remain subject to adjustment as the fiscal year proceeds. All three Towns currently meet or exceed the DESE Foundation Budget.

b. Results

The analysis demonstrated that **if the three towns operated as a region using 2009 appropriated resources, implementing the projected initial year changes for efficiency, the region would have had an estimated excess of revenues of \$594,896, with total expenditures of \$41,661,459. The same analysis of the FY 2010 budgets indicated excess of revenues of \$753,883, with total expenditures of \$40,955,403.** Because sustaining or improving educational opportunities is the impetus for forming a region, the Board strongly recommended that the towns commit to maintaining their present degree of support if a region is formed. This would enable the district to achieve more of the enhanced opportunities described above. Excess revenues could instead be used to decrease the town's regional assessments, but the Board strongly recommends against that course of action. The actual recommendation would rest with the Regional School Committee, and the decision would be made by the Town Meetings. This excess of revenues supports the advisability requirements that a region must generate the capacity to expend a greater proportion of its funds on direct student services than

the individual districts combined, and be no more costly than the individual districts to operate.

The Board made several financial assumptions based on the best information available; however, they are predictive, and rely on decisions that will be made in the future by others. It is important to make them explicit, so the analysis and conclusions drawn can be interpreted in context.

- Revenues from all sources were accounted as if a region was in existence;
- The "cherry sheets" of the towns would change, and a region would have its own "cherry sheet":
 - Some revenues that currently come to the towns will be received by the region, by statute (Chapter 70, choice and charter funds)
 - Some charges currently made by the towns would be expended by the region, by statute (Chapter 70, choice, and charter funds)
- Anticipated regional transportation reimbursement payments were not included as revenues in the 2009 analysis (they would be additional revenue for a region after the first year of operation);
- All school-generated revenues that currently are in the town general funds, including Medicaid payments, would be transferred to the region;
- Some expenditures now made by the towns for the schools, but which are not included in the school appropriation, would be moved into the region's budget, and would be charged to the towns as part of the regional assessment;
- The total expenditure made by Shirley for high school tuitions would be accounted only once, to Shirley; Ayer and Lunenburg revenues and expenditures were reduced accordingly;
- All revenues for school choice currently transferred among the three districts would be eliminated;
- All school revolving funds would transfer to the region from the towns;
- Chapter 71 requires that no professional staff compensation may decrease because of regionalization; resulting contractual costs were estimated and applied;
- The costs and "savings" of implementing the operational plan for two middle schools were estimated and applied.

A detailed transportation plan was beyond the scope of the Board. The location and population of schools in a region will change dramatically in the first years of operation due to school consolidation and construction of a regional high school, and information at a sufficient level of detail to generate a projection was not readily available. The Board did specify that new construction be sited as close to the region's center as a suitable site allows. Elementary school transportation routes would be similar to current patterns. Transporting Shirley's middle school students to the Ayer campus would necessitate a pattern with distances similar to Lunenburg's current middle school routes, which do not impose an unrealistic burden on students. The Board assumed that student transportation to a regional high school facility would be similar to existing regions of similar size.

2. Affordability: Assessment of Operational Costs

a. Methodology

Whether a region would be affordable for the member towns also depends on how much each member pays. The regional school committee determines the annual budget, and each member town is assessed for its portion of payment, appropriated at its annual meeting. Regions also require the towns' consent for borrowing, depending on the stipulations of the regional agreement, and the region assesses the towns for their payments for its borrowing. How the region assesses the members for its costs is determined by the Regional Agreement. The Board negotiated these provisions for the proposed Regional Agreement.

Chapter 71 provides two legal methods for regions to assess towns each year for the regional budget: the "statutory assessment method" and the "alternative assessment method." The regional agreement must specify how the statutory assessment will be calculated. DESE regulations (CMR 41) require the school committee to prepare three assessments: transportation, capital, and all "net school spending (NSS)" costs (which basically include everything else). Before calculating the assessment to the towns, these NSS costs are reduced by district revenues from sources other than property taxes. A subset of NSS costs is called the "required local contribution (RLC)." This sum is annually established by the DESE as part of the Chapter 70 calculation process, and sets a lower limit that the towns must contribute to schools by appropriation. When the statutory assessment method is used, each member town must pay its RLC, and the

rest of NSS expenditures ("excess greater than RLC"), capital, and transportation must be assessed according to the stipulations in the regional agreement. As complex as it is, one great advantage of using this statutory method is that it requires adoption of the regional budget by only 2/3 of the member towns. Splitting the total cost among the members in any way that does NOT require the towns to pay the RLC constitutes "the alternative assessment method," which requires adoption by ALL of the member towns. The regional school committee may propose an alternative method in any year, if it so desires.

In the draft regional agreement, the Board chose to treat transportation spending, the RLC, and the excess greater than RLC as a single "operational assessment;" and treated the "capital assessment" separately. The 2009 data model described above was used to project the effects of different assessment strategies, to facilitate decision-making. The analysis separated total actual 2009 spending by town and district into capital and operational categories. **Table 1** summarizes the components of the statutory assessment.

Table 1. Components of Statutory Assessment

TOTAL ASSESSMENT=OPERATIONAL + CAPITAL

Operational assessment set by DESE

- Required local contribution (RLC)

Operational assessment set by agreement

- All NSS costs in excess of RLC (less district revenues)
- Transportation

Capital assessment 100% set by agreement

b. Results

Table 2 shows the amounts that each town actually spent in 2009, assigned to operational and capital assessment categories **as if a region existed in 2009**. Expenditures currently attributed to schools which would remain with the town if a region is formed have been excluded from the totals. These include retiree insurances; some administrative functions paid from town budgets; existing debt service; and member vocational-technical school regional tuitions. Revenues that would come to the region account for \$19,008,329. These regional revenues would include all Chapter 70, charter reimbursement, and school choice funds. The remainder of the total \$41,661,459 expended for

schools would come from the assessment to the towns, i.e., from appropriation. Therefore, in the examples that follow, the "assessment" represents funds appropriated from property taxes or other town revenues. This perspective on regional revenues and expenditures allowed the Board to model and assess the impact of various strategies for assessment on the three towns.

Table 2. Expenditures by Assessment Categories, FY 2009

Description	Ayer	Lunenburg	Shirley	TOTAL
Assessment Basis				
Expenditures	13,730,695	17,342,595	10,588,169	41,661,459
MINUS				
Revenues	6,155,310	6,276,682	6,576,337	19,008,329
ASSESSMENT (actual 2009)	7,575,385	11,065,913	4,011,832	22,653,130
Assessment Category				
RLC	6,347,229	9,084,808	3,435,490	18,867,567
Excess>RLC	495,756	808,089	152,847	1,456,692
Transport	597,400	819,212	397,400	1,814,012
Capital	135,000	353,804	26,095	514,899
Total	7,575,385	11,065,913	4,011,832	22,653,130
Percent of Total	33.4%	48.8%	17.7%	100%

Source: Lunenburg-Ayer-Shirley RPB

The Board studied several ways of calculating how the towns could be assessed fairly while avoiding a dramatic increase in payments for any of the member towns from year to year, particularly in the initial years of operation. This required taking a close look at how we determine and allocate current expenditures. The three towns have tailored individual strategies to manage rising operational costs combined with public demand to minimize increases in taxation and the current impact of the economic recession on state aid. Shirley has no local high school and must pay tuitions to Ayer, Lunenburg, and the charter school at Devens, over which it has no annual control. This is a major reason that Shirley has experienced the greatest impact on school operations of the three towns, demonstrated in 2009 as transportation services limited to the statutory requirement and minimized capital spending. These components of the regional assessment would be subject to uniform regional policy

decisions and would appear to generate an increased assessment for Shirley from its 2009 position, as services would be improved (in fact, these improvements have been made in FY 2010, but other operational expenditures were decreased).

After modeling multiple assessment strategies for the operational components of the assessment, the Board agreed that the fairest way to assess costs was using the proportion of total foundation enrollment attributable to each member town as a basis. Foundation enrollment, validated and published annually by the DESE, includes all students whose educational costs are paid for by a district in the previous fiscal year. This would not include students educated for their member towns by regional vocational districts. **Table 3** shows the percent of total foundation enrollment attributable to the three towns, if a region existed in 2009.

Table 3. FY 2009 Foundation Enrollment

	Ayer	Lunenburg	Shirley	Total
Foundation Enrollment	1054	1641	874	3569
Enrollment Percentage	29.5%	46%	24.5%	100%

Source: Lunenburg-Ayer-Shirley RPB

By comparing the statutory foundation enrollment percentage with the total percentage of all expenditures by assessment categories, one sees first that Ayer's and Lunenburg's expenditures exceed enrollments, and Shirley's enrollments exceed expenditures. Using foundation enrollment as the basis for assessments would challenge the town of Shirley to increase its portion of costs by almost 7%. The Board strove to consider how to manage this gradually so the impact of increasing to the foundation percentage would not be out of reach of the Shirley taxpayers, but would not significantly increase the burden for this impact on Lunenburg and Ayer. The statutory assessment requires each town to pay the RLC, so it was not negotiable. However, the portion of the operating assessment that is the excess greater than RLC (excess > RLC) presented the opportunity to "fine-tune" the assessment in the initial years of operation to limit the amount of annual increase to Shirley. The excess > RLC is also the portion in which most of the impact of the economic pressure on the districts will be expressed in the future, and the total expenditures in this category may decrease as a result.

The Board agreed to a strategy for increasing, over a five year period, Shirley's share of the excess > RLC. The total excess for the district in FY 2009 was \$1,456,692, equal to 6% of the total assessment. The cost of the strategy would be equally shared by Ayer and Lunenburg. The strategy is detailed in the regional agreement, presented in Section Four of this report. **Table 4** shows how the Regional Agreement provisions would affect the assessment categories from Table 2, if 2009 were the region's first transition year. Assessments to Lunenburg and Ayer would decrease a small amount, and Shirley's assessment would increase by .5%, or \$142,586.

Table 4. Assessment by Regional Agreement, FY 2009

	Ayer	Lunenburg	Shirley	TOTAL
Assessment Basis				
Expenditures	13,730,695	17,342,595	10,588,169	41,661,459
MINUS				
Revenues	6,155,310	6,276,682	6,576,337	19,008,329
ASSESSMENT (actual 2009)	7,575,385	11,065,913	4,011,832	22,653,130
Assessment Category				
RLC	6,347,229	9,084,808	3,435,490	18,867,567
Excess>RLC	532,130	771,715	152,847	1,456,692
Transport	535,716	834,069	444,227	1,814,012
Capital	155,013	238,032	121,854	514,899
Total Reg. Assmt	7,570,087	10,928,624	4,154,418	22,653,130
Percent of Total	33.4%	48.2%	18.3%	100%

The financial model was also applied to budget data from 2010. Revenues and expenditures from the federal American Recovery and Reinvestment Act (ARRA) were excluded from the analysis. The following tables describe the similarities and differences between 2009 and 2010 in the foundation enrollments (**Table 5**), actual educational expenditures organized by regional assessment categories (**Table 6**), and how the provisions of the Regional Agreement would affect the assessment categories and total town assessments, if 2010 were the region's first transition year (**Table 7**). Capital expenditures for the districts were not included in the calculation, because no expenditures meeting the Regional Agreement's definition were made in the districts in 2010.

Expenditures for capital maintenance for FY 2010 are included as NSS.

Table 5. FY 2010 Foundation Enrollment

	Ayer	Lunenburg	Shirley	Total
Foundation Enrollment	1052	1622	846	3520
Enrollment Percentage	29.9%	46.1%	24.0%	100%

Taken again as if a region existed in FY 2010, the total expenditures for the model region decreased from FY 2009 by nearly \$350,000. The 2010 foundation enrollment shows a decline of 49 students, which results in decreased Chapter 70 revenues. Ayer's expenditures and revenues increased, largely due to an increase in RLC and stable enrollment. In Lunenburg, expenditures decreased; the apparent increase in excess > RLC actually reflects inclusion for this FY of capital maintenance expenditures in this category. Shirley's expenditures and revenues both decreased. Shirley's RLC increased by \$318,905, and excess > RLC declined by \$466,222. This illustrates the urgency of the financial pressure felt by this small district, and underlines the benefits of scale provided though regionalization to Shirley's students.

Table 6. Expenditures by Assessment Categories, FY 2010

	Ayer	Lunenburg	Shirley	TOTAL
Assessment Basis				
Expenditure	13,898,066	17,243,128	9,897,269	41,038,473
MINUS				
Revenues	6,440,182	6,286,064	6,009,029	18,735,255
ASSESSMENT (actual 2010)	7,457,904	10,957,074	3,888,240	22,303,218
Assessment Category				
RLC	6,445,455	9,022,501	3,754,395	19,222,351
Excess>RLC	427,448	1,147,934	(313,375)	1,262,007
Transport	585,000	786,638	447,219	1,818,857
Capital	1	1	1	3
Total	7,457,904	10,957,074	3,888,240	22,303,218
Percent of Total	33.4%	49.1%	17.4%	100%

Table 7. Assessment by Regional Agreement, FY 2010

	Ayer	Lunenburg	Shirley	TOTAL
Assessment				
Basis				
Expenditures	13,898,066	17,243,138	9,897,269	41,038,473
<i>MINUS</i>				
Revenues	6,440,162	6,286,064	6,009,029	19,008,329
ASSESSMENT	7,457,904	10,957,074	3,888,240	22,303,218
(actual 2010)				
Assessment				
Category				
RLC	6,445,455	9,022,501	3,754,395	19,703,517
Excess>RLC	685,511	889,871	(313,375)	1,262,007
Transport	585,000	838,121	437,146	1,818,857
Capital	1	1	1	1
Total Reg.	7,674,558	10,750,494	3,878,167	22,303,218
Assmt.				
Percent of	34.4%	48.2%	17.4%	100%
Total				

The development of the Regional Agreement preceded the availability of the 2010 data, and the Board made its decision not to bring the Regional Agreement to the voters before the 2010 financial analysis was completed. The impact of the dramatic shift in Shirley's revenues and expenditures on the assessment using the Agreement provisions is shown in **Table 7**. The decrease in assessment for Lunenburg and Shirley, coupled with a large increase for Ayer, would have generated a revision by the Board of the Agreement's assessment mechanism, but not the general intent to maintain each community's baseline contribution and distribute increased costs as equitably as possible.

3. Affordability: Assessment of Capital Facilities Costs

a. Methodology

The capital needs of the proposed region were also part of the financial analysis. The Regional Agreement assigns capital planning and budgeting for all facilities to the Regional School Committee; this allows for long-term, coordinated facilities planning. This benefits the region by supporting predictability for member towns and cooperative operational budgeting for the region. The Board would have authority to negotiate leases with the member towns for school facilities, and would own any schools it constructed. Costs for ordinary capital maintenance would be managed within the operating budget. The initial capital priorities for the

region would be:

- Retrofit of the existing Shirley Middle School to an elementary school;
- Limited interior remodeling of the Ayer Middle-High School to support the addition of Shirley's middle school students; and
- Construction of a regional high school facility.

The Board met regularly in person or by telephone with MSBA staff to exchange information and requested an explicit commitment from them to move forward with a high school project if a region is formed. The MSBA Board responded by moving the region's statements of interest into the MSBA Model School Program for high school construction. Assuming a suitable construction site was procured by the regional school committee, the MSBA assured the towns in writing ([Appendix 10](#)) that a model high school project would be planned for the region, and assured the region of a minimum reimbursement rate (using 2009 data) of 67.16% of allowable costs. The Board did not make a comprehensive long-term capital plan or expenditure model; 2009 expenditures were included in the 2009 financial model described above. Using this reimbursement rate, the Board did project the annual capital cost (excluding costs of borrowing) that would be appropriated from each member town for a range of hypothetical project costs.

b. Results

Retrofit and remodeling In the Ayer and Shirley schools as described above was estimated to cost \$200,000. However, the operational savings to the district from the school closing and consolidation was estimated to total \$850,000.

The Board agreed to assess capital costs based in equal parts on each town's proportion of district foundation enrollment and the town's relative "ability to pay," as determined by a wealth factors used by the DESE in calculation of the Chapter 70 school aid allocations. This factor is calculated annually by the Massachusetts Department of Revenue based on income and property values. The impact of this assessment strategy is demonstrated by the hypothetical projection of a regional high school construction project, as follows.

Costs for a school construction project are based on multiple factors, and cannot be projected for a particular project on a particular site ahead of the late phase of design and bid document preparation. In addition, no facility currently owned by the three towns

appears to have adequate space for a regional high school for 900-1000 students. Based on 2009 MSBA guidelines for per student square footage in new high school construction and general construction costs per square foot, a "ball-park" estimate of \$70,000,000 was used as a possible project cost. Applying the MSBA's reimbursement percentage for the proposed region to this projection, the region's portion would be \$22,988,000. Using the Regional agreement's capital assessment formula, the cost to each town for this projection would be as shown in Table 4.

Table 4. FY 2009 Capital Assessment for Hypothetical Regional High School Project: Total Costs 70 M (\$)

Ayer	Lunenburg	Shirley	Total
6,924,334	10,624,704	5,438,961	22,988,000
30.1%	46.2%	23.7%	100%

Source: Lunenburg-Ayer-Shirley RPB; basis: \$70 million reimbursable costs, MSBA reimbursement of 67.16%

required for success. That transition could not be envisioned without substantial investment prior to the ability to assess a regional budget. In addition, the size of that investment could not be envisioned below \$1 million, expended over two years of transition. Asking the communities to make this investment would have meant that another criterion would not be met:

- The Regional School District must be established, initially, with the same level of resources as the Towns have historically committed to education.

In addition, the Board was in agreement that the towns would be extremely unlikely, in the current economic climate, to return a unanimous affirmative vote on *both* the Regional Agreement and an appropriation article to support the Agreement. Therefore, despite its unanimous desire to do so, the Board does NOT recommend the adoption of the Regional Agreement to the Boards of Selectmen at this time.

III. CONCLUSIONS AND RECOMMENDATIONS: APPLICATION OF CRITERIA

The Board evaluated the feasibility and advisability criteria in the context of: the proposed Regional Agreement, findings of the community data, proposed educational, administrative and operational plans, and the financial analysis. It concluded that a three-town region would meet all criteria except the following:

- A funding mechanism can be identified and secured for the projected short-term costs of transition to a merged regional district.

The Board voted NOT to recommend this region to the towns until this criterion could be met. The decision of the Board meant that the option of a region would not be brought before the towns at Fall Town Meetings in 2009. The Board was in agreement that a three-town region would serve the interests of students well, would sustain or improve their programmatic opportunities, and would provide a high school facility consistent with the needs of 21st century education. However, the Board was equally certain that a transition of operations that would ensure uninterrupted services and adequate community, student, and staff preparation for effective partnership was absolutely

REPORT OF THE LUNENBURG- AYER-SHIRLEY SCHOOL REGIONALIZATION PLANNING BOARD

The Regional Agreement was developed by the RPB with the assistance of Mr. Ed Lenox, of Murphy, Hesse, Toomey, and Lehane, LLC. Regulations (at CMR 41.00) address the content of a Regional Agreement, and Ms. Christine Lynch of the Massachusetts DESE provided specific written guidance to the Board about requirements for the Agreement. A Regional Agreement must undergo review and approval by DESE; ideally this is done before it is brought to a popular vote.

This chapter presents the Regional Agreement as developed in the draft form adopted by the RPB in July, 2009, with discussion for clarification of the legal language, when appropriate. Much of the language is “boilerplate,” referencing (as appropriate) statutory powers and obligations of the regions and the towns. Significant phrases have been highlighted in some sections. A few details were not rendered in final language form at the time that the RPB decided it would not recommend this Agreement to the Boards of Selectmen of the towns, and are so noted.

Agreement Among the Towns of Ayer, Lunenburg and Shirley With Respect to the Formation of a Regional School District

Whereas the Towns of Ayer, Lunenburg and Shirley (hereinafter referred to as “the member towns”) for good and substantial reasons desire to create a regional school district consistent with the terms of Chapter 71 of the General Laws of Massachusetts, as amended, the member towns, in consideration of the mutual promises contained herein, agree as follows:

Section I – Type of District

The regional school district (hereinafter referred to as “the District”) shall provide educational programs for public school students who reside in the member towns and who are attending grades pre-kindergarten through and including grade 12. The Regional School District Committee (hereinafter referred to as “the Committee”), as established consistent with Section III below, is authorized in its discretion to

establish and maintain other educational programs, including but not limited to vocational-technical educational programs consistent with Chapter 74 of the General Laws of Massachusetts, and is authorized in its discretion to join or to form educational collaboratives consistent with Chapter 40, Section 4E of the General Laws of Massachusetts.

Section II – Location of Schools

There shall be located in each of the member towns at least one elementary school, with grade configurations to be established by the Committee. The grade configurations of the middle school(s) and high school(s) of the District shall be established by the Committee, and the location of said middle school(s) and high school(s) will be as determined by the Committee, although said location will be within the member towns.

When a school serves students from more than one of the member towns, an effort will be made to have the school located as near as possible to the geographic center of the District. Generally, students in the elementary grades will be assigned to the elementary school within the town in which that student resides. The school buildings may either be owned by the District or leased from the member towns under terms and conditions that will be expressed in lease agreements.

(RPB NOTE: The School Committee, elected by a representational process, is not limited in its powers to operate the district; however, the intent of the communities to retain elementary education in their towns is addressed. The School Committee would develop more specific guidelines for enrollments in policy, which is by law an open process that promotes public feedback. This also addresses site selection for any new schools that may be constructed by the Region.)

Section III – The Regional School District Committee

A. Composition of the Committee.

The Committee will be composed of ten (10) members. Four (4) of said members must reside in the Town of Lunenburg and will be elected by the voters in said town; three (3) of said members must reside in the Town of Ayer and will be elected by the voters in said town; and three (3) of said members must reside in the Town of Shirley and will be elected by the voters in said town.

(RPB NOTE: This section provides for a 10-member Board whose votes may be weighted in order to satisfy the law's requirement that each voter must be represented equally in the district.)

B. Allocation and Weight of Votes.

Each member of the Committee shall have one vote and each vote shall be of equal weight unless and until a recalculation of the weight of the votes occurs as a result of the mechanism contained in subsection C below.

C. Reallocation of the Weight of Votes. Once every five (5) years, on approximately (date) of that year, the following process will occur in order to account for any significant shifts in the population of the member towns which may have occurred.

(RPB NOTE: The vote weighting determination process remained under discussion awaiting input from DESE about validity of certain census data.)

D. Election of Members.

Each member must reside in the town which she or he represents. Each member must be elected consistent with the process for the election of town officials in said town and will be elected to open seats during the annual election in said town. The term of each elected member will begin on the first business day after his or her election and after being sworn in by the respective Town

Clerk. A member who has not otherwise vacated his or her seat will continue to serve until his or her successor is elected and sworn.

E. Length of Terms.

Each member will serve a three (3) year term, with the terms staggered so that at least one (1) member representing each member town will be replaced each year.

F. Initial Staggering of Terms.

For the purpose of staggering the terms of the initial Regional School District Committee only, the following will apply. In Lunenburg, the two (2) candidates receiving the highest number of votes will be elected to three (3) year terms, with the candidate receiving the third highest number of votes being elected to a two (2) year term, and the candidate receiving the fourth highest number of votes being elected to a one (1) year term. In Ayer and in Shirley, the candidate receiving the highest number of votes will be elected to a three (3) year term, the candidate receiving the second highest number of votes will be elected to a two (2) year term, and the candidate receiving the third highest number of votes will be elected to a one (1) year term.

G. Vacancies.

If for whatever reason a vacancy on the Committee occurs, including a situation in which no candidate is elected at a particular election, the following process will be followed. The members of the Board of Selectmen of the town in question will meet in joint session with the remaining members of the Regional School Committee who represent that town in order to appoint someone who resides in that town to serve until the next annual election. At that next annual election, a person will be elected to serve the balance of the unexpired term which had become vacant.

H. Quorum.

A quorum shall exist when a majority (i.e., more than 50%) of the ten (10) members of the Committee is present, so long as at least one (1) member is present from each member town. At a meeting where there is no quorum, or where the quorum is lost, the remaining members may vote to adjourn but may take no other action.

I. Actions by Majority Vote.

Except where otherwise provided by statute or by the terms of this Agreement, actions will be taken by majority vote. For these purposes a majority vote shall mean an affirmative vote by more than half of the members who are present and voting on the particular matter at a properly called meeting for which a quorum is present. Consistent with the terms of G.L. chapter 71, section 16B, a two-thirds vote of all of the Committee's members will be necessary to approve the District's annual budget and to apportion among the member towns the amounts necessary to be raised to support said budget.

J. Election of Committee Officers.

The Committee shall annually elect a chairperson and a vice chairperson from among the Committee's membership. The Committee will have as a standard that the position of chairperson will rotate annually among the member towns. For example, in the first year that the District is in existence, the chairperson will be elected without regard for where s/he resides. In year two, however, the chair will be elected from members who reside in one of the other member towns, and in year three the chair will be elected from the members who reside in the town from which the chair has not yet been drawn. This rotation will then be maintained in future

years. By a two-thirds vote, the Committee may in any given year deviate from this standard regarding the rotating chairmanship. The vice chairperson in any given year will be drawn from those members who reside in a member town different from where that year's chairperson resides. The Committee will also appoint a treasurer who will not be a member of the Committee, and the Committee will also appoint a secretary who may or may not be a member of the Committee. The election of such officers will occur at the Committee's first regularly scheduled meeting held after the last of the annual elections in the member towns. Such officers will exercise the powers expressed and implied in G.L. chapter 71, section 16A.

Section IV – Powers of the Committee

The Committee shall possess all of the powers conferred by law upon regional school committees via G.L. chapter 71, section 16 and otherwise, including but not limited to the power to acquire property and/or to enter into leases for land and/or buildings.

Section V- Development of the District's Budget

The Committee shall annually determine the District's budget consistent with the timelines, terms, and requirements in G.L. chapter 71, section 16B, and consistent with regulations promulgated by the Department of Elementary and Secondary Education. The Committee will hold a public hearing on its budget consistent with G.L. chapter 71, section 38N. The apportionment of the costs appearing in said budget will be calculated consistent with Section VI of this Agreement.

Section VI – Apportionment of Costs Incurred By the District

A. Classification of Costs. For the purpose of apportioning costs assessed by the District against the member towns, costs shall be

divided into two categories: operating costs and capital costs.

B. Operating Costs. Operating costs shall include all costs not included in capital costs as defined in subsection VI, C below. Without limiting the generality of the preceding sentence, the following shall be classified as operating costs: salaries, wages, supplies, textbooks, ordinary repairs and maintenance, interest on temporary notes issued by the District in anticipation of revenue, and other costs incurred in the day to day operation of District schools.

1. Assessment of Operating Costs.

For each fiscal year, the assessment of operating costs for each member town will be the sum of the following: (a) the member's required local contribution to the District as determined by the Commissioner; (b) the member's share of that portion of the District's net school spending, as defined by G.L. chapter 70, section 2, that exceeds the total of the required local contributions for all members; and (c) the member's share of costs for transportation and all other expenditures (exclusive of capital costs as defined under Section V,C below) that are not included in the District's net school spending.* A member's share of (b) and (c) above will be calculated on the basis of "foundation enrollment" as defined in G.L. chapter 70, section 2 based upon a five year rolling average. That is, for any fiscal year a member will pay the same percentage of (b) and (c) above as that member's foundation enrollment for the preceding five years relates to the foundation enrollment for the entire District during those five years when the

foundation enrollment figures for those five years are averaged.

(RPB note: *It is implicit that the assessment also does not include district revenues not derived from the local property tax.)

2. Transitional Assessment of Operating Costs. In order to somewhat cushion the initial financial impact that the creation of the District may have on a member town, the following approach will be utilized in the first years of the District's existence in computing each member's share of the District's net school spending that exceeds the total of the required local contributions for all members (i.e., (b) in the preceding paragraph).

a. The fiscal year prior to the effective date of the creation of the District will, for purposes of this subsection, be termed the "base year."

b. The non-capital school costs* in each of the member towns for the base year will, for purposes of this section, be termed the "base year current resources."

(RPB note: *This calculation will include members' transportation expenditures, and will be made only in the first transitional year budget. Costs that will remain with the member towns at merger are excluded. These include some administrative, insurance, capital debt service, retirement, and all vocational tuition costs. In addition, accurate calculation of the District's and members' non-capital school costs in the first year requires adjustment to exclude expenditures made by the towns that will remain with the towns; school choice and tuition monies paid from a member to another member must be properly attributed as revenues and expenditures; and revenues paid to the members'

general funds for the schools must be included in calculating District revenues.)

c. The District's net school spending that exceeds the total of the required contributions for all members will, for purposes of this subsection, be termed the "total excess. *"

(RPB note: *This calculation does not include transportation or capital expenditures other than maintenance. As above, accurate calculation of the District's and members' NSS in the first year requires adjustment to exclude expenditures made by the towns that will remain with the towns; school choice and tuition monies paid from a member to another member must be properly attributed as revenues and expenditures; and revenues paid to the members' general funds for the schools must be included in calculating District revenues.)

d. In determining the assessments for the first fiscal year of the District's existence, the percentage of the total excess that each member will be assessed will be the same percentage that the member's base year current resources was to the sum of the members' base year current resources.*

(RPB note: *The operational assessment is the sum of three components: the Required Local Contribution, or RLC; transportation costs; and the excess NSS > RLC. This base year percentage, NOT the absolute dollars spent in the base year, will be used to calculate the excess > RLC component of the assessments in the first five years. It will be compared to the foundation enrollment percentage that is the basis for the assessment long-term.)

e. In determining the assessments for the second fiscal year of the District's existence, each member's share of the total excess will

be initially calculated using the method appearing in subsection VI, B.1. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentages expressed in paragraph d (above) had been used, that member will, for this second fiscal year, be assessed no more than twenty-five percent (25%) of this increased dollar amount. The other members' assessments for the total excess will be increased accordingly in equal shares.

(RPB note: Once the School Committee calculates the operational budget to be assessed, the excess > RLC component of the total district assessment times the foundation percentage will be calculated for each member. The same calculation will be made using the base year percentage. If the amount is greater using the foundation percentage rather than the base year percentage, a member will pay 25% of the difference, and the other two members will each pay 37.5%, in the second year. The third and fourth year assessments use the same structure, but adjust the amounts each member pays.)

f. In determining the assessments for the third fiscal year of the District's existence, each member's share of the total excess will be initially calculated using the method appearing in subsection VI, B.1. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentage expressed in paragraph d (above) had been used, that member will, for this third fiscal year, be

assessed no more than fifty percent (50%) of this increased dollar amount. The other members' assessments for the total excess will be increased accordingly in equal shares.

g. In determining the assessments for the fourth fiscal year of the District's existence, each member's share of the total excess will be initially calculated using the method appearing in subsection VI, B.1. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentage expressed in paragraph d (above) had been used, that member for this fourth fiscal year will be assessed no more than seventy-five percent (75%) of this increased dollar amount. The other members' assessments for the total excess will be increased accordingly in equal shares.

h. For the fifth fiscal year of the District's existence, and for each year thereafter, unless this Agreement is otherwise amended, each member's share of the total excess will be calculated using the method appearing in subsection VI, B.1. During the fifth fiscal year of the District's existence, the Committee, as part of its periodic review of this Agreement (spoken to in Section XIV), will review the

apportionment language
contained in this Section VI.

foundation enrollment figures for
those five years are averaged.

- C. Capital Costs. Capital costs will include capital outlay appearing in the 7000 DESE function codes. Capital costs also include principal and interest debt service. Instructional capital expenditures which qualify under net school spending are not included under capital costs and instead are included as an operating cost.

1. Assessment of Capital Costs

- a. General Standard. All assessments of capital costs, regardless of the regional facility to which the capital cost is associated, will be computed based on the approach and formula set out in subsection b below.

(RPB note: The towns will share responsibility for renovation and construction of all capital facilities.)

b. Approach and Formula. During the development of each fiscal year's budget, the total capital costs for the year in question will be identified. Each member town will then be assessed a percentage of that total capital cost. One-half of each town's percentage will be based upon "foundation enrollment" as defined in G.L. chapter 70, section 2, based upon a five year rolling average. That is, for the year in question one-half of a given town's capital assessment will be based upon the percentage that that member's foundation enrollment for the preceding five years relates to the foundation enrollment for the entire District during those preceding five years when the

The other half of each town's percentage of the total capital cost will be based upon the "combined effort yield"* as defined and calculated by the Department of Elementary and Secondary Education, based upon a five year rolling average. That is, for the year in question the other half of a given town's capital assessment will be based upon the percentage that that member's combined effort yield for the preceding five years relates to the combined effort yield for the entire District, when the combined effort yield figures for those five years are averaged.

(RPB note: *The "combined effort yield" is the basis of the DESE's calculation of the RLC. It is a percentage that equally weights a community's total income and its property valuation, and is calculated annually.)

Section VII – Payment of Apportioned Costs

Each member town shall pay to the District in each year its apportioned costs, assessed as provided in Section VI. Within 30 days of the completion of the annual budget process, or June 30, whichever occurs first, the district treasurer shall notify members of their assessment payment schedule for the next fiscal year. The annual assessment of each member town shall be in two categories for payment.

The operating and non-debt capital assessment shall be each member's annual share of operating costs plus non-debt capital as determined by this agreement. Each member shall pay one-twelfth of its annual total share on the fifth of each calendar month.

The capital debt assessment shall be each member's annual share of capital principal and interest debt payments as determined by this agreement. Each member shall pay its annual share of principal and/or interest due fourteen days prior to the debt service payment due date.

(RPB Note: This is designed to balance the cash flow needs of towns and the region, to the extent possible.)

Section VIII- Excess and Deficiency Fund

The District will maintain a so-called "Excess and Deficiency Fund" which shall be administered consistent with directives from the Department of Revenue and consistent with the terms of G.L. chapter 71, section 16B1/2.

Section IX – Revolving Funds and Existing Equipment and Supplies

At the time of the creation of the District, any and all money held in so-called "revolving funds" and student activity accounts/funds that are held by the member towns for the benefit of their respective school departments will be conveyed to the District to be utilized for educational and/or extracurricular purposes consistent with the purposes for which the revolving funds were created. Additionally, school-related equipment and supplies that are owned by the school departments of the member towns at the time of the creation of the District will be conveyed to the District.

Section X – Incurring of Debt

The District School Committee is empowered to incur debt consistent with the terms and conditions of G.L. chapter 71, section 16. Except for the incurring of temporary debt in anticipation of revenue, for an issuance of debt which is less than two percent (2%) of the District's total annual budget in the fiscal year in which the Committee votes to incur

the debt, the process that appears in subsection (d) of chapter 71, section 16 will be followed. For an issuance of debt equal to or greater than two percent (2%) of the District's total annual budget in the fiscal year in which the Committee votes to incur the debt, the process that appears in subsection (n) of chapter 71, section 16 will be followed. Notwithstanding the above, the Committee by majority vote may choose to follow the process that appears in subsection (n) of chapter 71, section 16 for an issuance of debt which is less than two percent (2%) of the District's total annual budget in the year in which the Committee votes to incur the debt.

(RPB note: The Regional School Committee may vote to incur debt to construct, maintain, and equip its capital facilities. The Committee must notify the Boards of Selectmen of its decision within seven days. If the amount of the debt is less than 2% of the annual budget, any member town may hold a town meeting within sixty days to disapprove the debt by majority vote. If the amount of the debt is greater than 2% of the annual budget, the Committee must hold a general election in the district, at which a majority of voters may approve or disapprove the debt.)

Section XI – Annual Report

The Committee shall submit an annual report to each of the member towns consistent with G.L. chapter 71, section 16 (k).

Section XII – Withdrawal of Member Towns

In the event that a member town decides to seek to withdraw from the District, the following procedures and requirements will apply:

A. Vote Expressing Desire to Withdraw. Any member town seeking to withdraw from the District shall, by vote at an annual or special town meeting, request the Committee to formulate an amendment to this

Agreement setting forth the terms under which the town may withdraw from the District. No withdrawal will take effect on other than July 1 of a given year and the vote spoken of in the preceding sentence, as well as the notification to the District consistent with paragraph B below, as well as the submittal of a long range education plan consistent with paragraph C below, must all occur no less than two (2) years prior to the desired date of withdrawal.

(RPB note: Removal of students and revenue from a region has a serious impact on the region. In addition, the withdrawing town must have an adequate plan for its students' education prior to withdrawing from the region. A minimum of two fiscal years' notice is required after a town votes to withdraw. In addition, expenses related to withdrawal will be the responsibility of the withdrawing town.)

B. Notice. The clerk of the town seeking to withdraw shall, within seven (7) days of the vote, notify the Committee chairperson as well as the District's superintendent in writing that the town has voted to request the Committee to formulate an amendment to the Agreement setting forth the terms for withdrawal. The clerk will provide a certified copy of the vote with the notification.

C. Long Range Education Plan. No less than two (2) full years prior to the desired date of withdrawal, the town seeking to withdraw, in addition to the other requirements spoken to in paragraph A above, will submit to the Commissioner of Elementary and Secondary Education (hereinafter "the Commissioner") and to the District a "Long Range Education Plan" consistent with 603 CMR 41.02(2). The Long Range Plan will address, in addition to any other factor required by the Commissioner, the following: the expected educational benefits of reorganization; the current and projected enrollments; an inventory of all educational facilities under the jurisdiction of the District; the proposed

administrative structure; the fiscal ramifications of withdrawal upon the withdrawing town as well as the other member towns in the District; the geographical and physical characteristics of the area; and the effect that withdrawal will have on student transportation.

D. Requirements. In addition to other terms and requirements which the Committee may include in the amendment, the town seeking to withdraw will be responsible for the following: (1) payment of all operating costs for which it is liable as a member of the District; (2) continuing payments beyond the time of withdrawal to the District for the town's share of the indebtedness of the District which is outstanding at the time of such withdrawal, and for interest thereon, to the same extent and in the same manner as though the town had not withdrawn from the District; and (3) for the costs, including legal fees, that accrue to the District as a result of the withdrawal process.

E. Approval of Withdrawal. A request to withdraw shall become effective only if the amendment to the Agreement is approved by vote of the Committee, is approved by the Commissioner of Education, and is approved by majority vote at an annual or special town meeting in the town seeking to withdraw and in each of the other member towns, and the withdrawal can become effective no less than one full year after the completion of these requirements.

Section XIII – Admission of Additional Towns

Additional towns may apply for admittance to the District, although no admittance will occur on a date other than July 1 of a given year. Towns applying for admission must submit to the Committee a Long Range Education Plan consistent with the terms of Section XII, subsection C of this Agreement.

If the Committee so chooses, it may then vote to seek approval from the Commissioner of Education of the proposed admittance of a new member consistent with the terms of 603 CMR 41.00. If the approval of the Commissioner is obtained, the Committee will then formulate an amendment to this Agreement, setting forth the terms upon which the new member will be admitted. Such terms will include, without being limited to, "buy-in" payments by the new town to reflect capital costs that have previously been incurred by the member towns, and will include an ongoing assessment for existing debt service. No admittance of a new town will occur unless the amendment to the Agreement is approved by vote of the Committee, is approved by the Commissioner of Education, and is approved by majority vote at an annual or special town meeting in the town seeking admittance and in each of the other member towns, and no admittance of a new town will become effective any less than one full year after the completion of these requirements.

Section XIV- Review of Agreement

No less frequently than every five years, the Committee will undertake a review of the terms of this Agreement. Proposals for amendments to this Agreement will be processed consistent with Section XV.

Section XV – Amendments to Agreement

A. Limitation: This Agreement may be amended from time to time in the manner hereinafter provided, but no amendment shall be made which shall substantially impair the rights of the holders of any bonds or notes or other evidences of indebtedness of the District which are then outstanding, or the rights of the District to procure the means for payment thereof, provided that nothing in this section shall prevent the admission of a

new town or towns to the District consistent with the term of this Agreement, and nothing in this section shall prevent the reapportionment, resulting from said admission of a new town, of capital costs of the District represented by bonds or notes of the District then outstanding and of interest thereon.

B. Procedure: Any proposal for amendment, except a proposal for amendment providing for the withdrawal of a member town (which shall be acted upon as provided in Section XII), and except for a proposal for amendment providing for the admittance of a new member (which shall be acted on as provided in Section XIII), may be initiated by a two-thirds vote of all members of the Committee or by a petition signed by 10 percent of the registered voters of any one of the member towns. In the latter case, said petition shall contain at the end thereof a certification by the town clerk of such member town as to the number of registered voters in said town according to the most recent voting list and the number of signatures on the petition which are the signatures of registered voters of said town, and said petition shall be presented to the secretary of the Committee. In either case, the secretary of the Committee shall mail or deliver a notice in writing to the board of selectmen of each of the member towns that a proposal to amend this Agreement has been made and shall enclose a copy of such proposal (without the signatures in the case of a proposal by petition). The selectmen of each member town shall include in the warrant for the next annual town meeting, or a special town meeting called for this and/or other purposes, an article which states the proposed amendment or the substance thereof. Such amendment shall take effect upon its acceptance by all of the member

towns, acceptance by each town to be by a majority vote at a town meeting as aforesaid.

Section XVI – Severability

Consistent with G.L. chapter 71, section 16I, if any provision of this Agreement is found to be invalid, the remainder of this Agreement shall not be affected thereby.

Section XVII – Transition Period

As part of the approval of this Agreement and of the regional school district created by this Agreement, the member towns as well as the Commissioner of Education will be taken to have approved a transition period, consistent with 603 CMR 41, which will extend from the date of voter approval of the regional school district until the end of the fiscal year following the fiscal year in which the vote to approve the creation of the district was taken. During this transition period, the existing local school committees will continue in existence and will continue to operate the schools of the member towns subject to the restrictions spoken to in this Section XVII (hereinafter “this section”). During this transition period, however, a transitional regional school committee will be formed consistent with this section which will exercise powers expressed in this section.

(RPB note: this provision allows for two necessarily simultaneous activities: the local school committee can continue expending funds appropriated by its Town Meeting for its local schools before a Regional Budget is established; and a Regional School budget can be prepared, voted, assessed, and expended by a Transitional School Committee formed from elected officials with proportional voting representation.)

A. Composition of the Transitional Regional School Committee. As soon as possible after the approval by the voters of this Agreement, a transitional regional school committee (hereinafter “TSC”) will be formed which will be comprised of six (6) members, two

(2) of which will be drawn from the members of, and selected by vote of, each of the local school committees of Ayer, Lunenburg, and Shirley. During the transition period, should any of the members of the TSC resign from membership on the TSC or become ineligible for membership on the TSC (e.g., by leaving the membership of the local school committee) the local school committee will vote a replacement from among the members of that local school committee.

B. Weight of Votes on the TSC. In order to reflect the same respective weighting of votes as between the member towns that results from subsection III,A and III,B, the votes of the two TSC members representing Lunenburg will each be given a weight of 2, while the votes of the two TSC members representing Ayer and the two TSC members representing Shirley will each be given a weight of 1½.

C. Quorum. A quorum shall exist when a majority (i.e., more than 50%) of the six (6) members of the TSC is present, so long as at least one (1) member is present from each member town. At a meeting where there is no quorum, or where the quorum is lost, the remaining members may vote to adjourn but may take no other action.

D. Election of Officers. The TSC will elect officers consistent with subsection III, J except that the TSC officers so chosen will serve throughout the transition period.

E. Powers of the TSC. The TSC shall possess all powers, subject to the availability of funds necessary for the exercise of such powers, necessary for the planning and implementation of the regional school district, including but not limited to the following:

1. The power to receive funds from the Commonwealth as well as

appropriations, grants, and gifts from other sources. This is not intended to alter the fact that during the transition period other funds from the Commonwealth will continue to flow to the member towns and their individual school departments.

2. The power to establish and adopt policies for the regional school district.

3. The power to employ a superintendent, treasurer, chief financial officer, and director of special education, as well as the power to authorize the superintendent to employ other personnel as needed.

4. The power to contract for and/or purchase goods and services, as well as the power to enter into leases and other agreements with the member towns, collaboratives, vendors, and other agencies and parties, with all of these powers being able to be exercised on behalf of the regional school district.

5. The power to adopt budgets for the TSC and for the first year of the regional school district, and to assess the member towns for these budgets.

6. The power to negotiate and to enter into collective bargaining agreements, which will take effect no sooner than the inception of the regional school district.

7. The power to appoint a Regional School Building Committee.

8. The power to develop and adopt a strategic plan for the regional school district.

9. The power to appoint subcommittees.

F. Relationship Between the TSC and the Local School Committees.

During the transition period, the local school committees of the member towns may not make decisions that will financially obligate or legally encumber the regional school district without ratification by the TSC. In addition, the local school committees will comply with the following during the transition period:

1. No building projects will be undertaken and no building closures will occur unless ratified by the TSC.

2. Program offerings will remain substantially the same.

3. No school choice openings will be filled except with the approval of the TSC.

4. The school administration of the local school districts will cooperate with the regional administration in terms of information sharing and in terms of the transfer of control during the transition.

G. Termination of TSC. The TSC will exist until midnight on June 30 of the fiscal year following the fiscal year in which the vote to approve the creation of the district was taken, at which time the regional school committee will assume jurisdiction of the regional school district. The regional school committee will be deemed to be the legal successor to the TSC for purposes of all contracts, collective bargaining agreements, other agreements, and leases that have been entered into by the TSC.